

**PROCEEDINGS BEFORE MICHAEL D. RILEY
INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA**

IN RE: INLAND MUTUAL INSURANCE COMPANY

Administrative Proceeding No.: 12-AP-FINCON-02007

**AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND
DIRECTING ACTION**

COMES NOW Michael D. Riley, Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the REPORT OF FINANCIAL EXAMINATION as of December 31, 2011, of INLAND MUTUAL INSURANCE COMPANY (hereinafter referred to as "Company") based upon the following findings, to wit:

JURISDICTION

1. Michael D. Riley is the Insurance Commissioner of the State of West Virginia (hereinafter the "Insurance Commissioner") and is charged with the duty of administering and enforcing the provisions of Chapter 33 of the West Virginia Code of 1931, as amended.

2. The Company was incorporated on July 29, 1936 and authorized by the Insurance Commissioner to transact business in the State of West Virginia as permitted and authorized under Chapter 33, Article 22 of the West Virginia Code.

FINDINGS OF FACT

1. An examination of the financial condition and operational affairs of the Company for period beginning January 1, 2007 and ending December 31, 2011, was conducted in accordance with West Virginia Code §33-2-9(c) by the Insurance Commissioner.

2. On June 13, 2012, the examiner filed a REPORT OF FINANCIAL EXAMINATION with the Insurance Commissioner pursuant to W.Va. Code § 33-2-9(j)(2). A copy of the REPORT OF FINANCIAL EXAMINATION is attached hereto as Exhibit A and incorporated herein as if set forth in full.

3. On or about June 18, 2012, a true and accurate copy of the REPORT OF FINANCIAL EXAMINATION was forwarded to the Company by certified mail, return receipt requested. On June 20, 2012, the Company received a copy of the REPORT OF FINANCIAL EXAMINATION.

4. Pursuant to W.Va. Code § 33-2-9(j)(2), the Company was notified and afforded a period of thirty (30) days after receipt of the REPORT OF FINANCIAL EXAMINATION within which to make a submission, rebuttal, or objection concerning any matter contained in the REPORT OF FINANCIAL EXAMINATION.

5. By letter dated July 2, 2012, management of the Company indicated that they had reviewed the REPORT OF FINANCIAL EXAMINATION and concurred with the findings of the examination. A copy of the Company's response letter of July 2, 2012, is attached hereto as Exhibit B. By the letter dated July 2, 2012, the Company concurs with the findings.

CONCLUSIONS OF LAW

W.Va. Code § 33-2-9(j)(3)(A) provides that following a review of the REPORT OF FINANCIAL EXAMINATION, the examination work papers, and any written submission, rebuttal, or objection the Insurance Commissioner shall enter an ORDER adopting the REPORT OF FINANCIAL EXAMINATION as filed or with modifications or corrections.

ORDER

It is therefore AGREED by the Parties and ORDERED the following:

1. It is **ORDERED** that the REPORT OF FINANCIAL EXAMINATION of INLAND MUTUAL INSURANCE COMPANY attached hereto as Exhibit A, is hereby ADOPTED and APPROVED by the Insurance Commissioner.

2. It is further **ORDERED** that a copy of this AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND DIRECTING ACTION and the adopted REPORT OF FINANCIAL EXAMINATION shall be mailed to INLAND MUTUAL INSURANCE COMPANY by certified mail, return receipt requested upon entry of this Order by the Insurance Commissioner.

3. It is **ORDERED** that INLAND MUTUAL INSURANCE COMPANY shall file with the Insurance Commissioner, within thirty (30) days of the issuance of this ORDER, affidavits executed by each of its directors stating under oath that they have received a copy of the adopted REPORT OF FINANCIAL EXAMINATION and a copy of this AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND DIRECTING ACTION, in accordance with W.Va. Code § 33-2-9(j)(4).

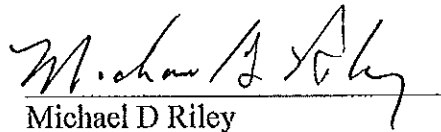
4. It is **ORDERED** that INLAND MUTUAL INSURANCE COMPANY take whatever actions are required to comply with the recommendations set forth in the REPORT OF FINANCIAL EXAMINATION, if any, and shall demonstrate compliance to the satisfaction of the Insurance Commissioner, if necessary.

5. That INLAND MUTUAL INSURANCE COMPANY waives any right to any notice, administrative hearing or appeal therefrom for the actions taken by the Insurance Commissioner herein this Agreed Order Adopting Report of Financial Examination and Directing

Action. INLAND MUTUAL INSURANCE COMPANY reserves herein its rights to notice, administrative hearing or appeal for any future enforcement actions taken by the Commissioner that might result from this Agreed Order, if any.

6. It is finally **ORDERED** that this administrative matter be hereby dismissed from the administrative docket of the Insurance Commissioner.

Entered this 30th day of July, 2012.


Michael D Riley
Insurance Commissioner

THE PARTIES DO SO AGREE:

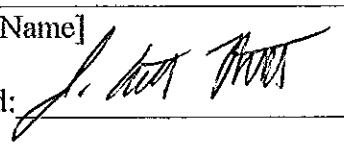
OFFICES OF THE INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA

By: 
Jeffrey C. Black, Associate Counsel
Attorney Supervisor

7/26/12
Date

INLAND MUTUAL INSURANCE COMPANY

BY: J. CARTER NORTON
[Print Name]

Signed: 

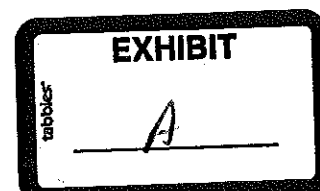
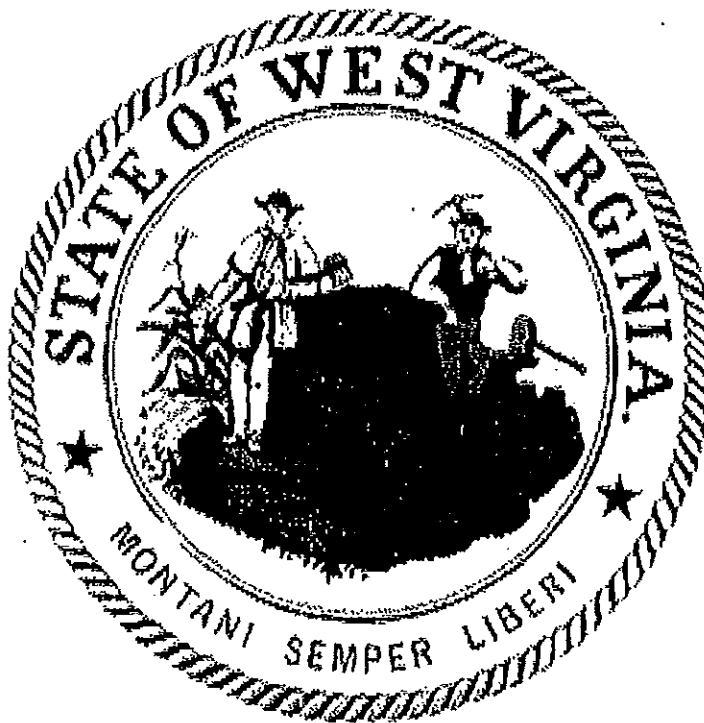
Its: President

Dated: 7-23-2012

REPORT OF FINANCIAL EXAMINATION
OF
INLAND MUTUAL INSURANCE COMPANY

As of

December 31, 2011



**REPORT ON THE STATUTORY FINANCIAL EXAMINATION OF
INLAND MUTUAL INSURANCE COMPANY AS OF DECEMBER 31, 2011**

SCOPE OF EXAMINATION.....	2
STATUS OF SIGNIFICANT ADVERSE FINDINGS FROM THE PRIOR EXAMINATION	2
SUMMARY OF SIGNIFICANT FINDINGS	3
SUBSEQUENT EVENTS	3
COMPANY HISTORY	3
CORPORATE RECORDS	3
MANAGEMENT AND CONTROL	4
CORPORATE GOVERNANCE	4
FIDELITY BOND AND OTHER INSURANCE	5
EMPLOYEE WELFARE AND PENSION PLANS	5
TERRITORY AND PLAN OF OPERATION	5
GROWTH OF COMPANY	6
REINSURANCE.....	6
CEDED	6
ASSUMED	7
ACCOUNTS AND RECORDS.....	7
STATUTORY DEPOSITS	7
FINANCIAL STATEMENTS.....	8
STATEMENT OF FINANCIAL POSITION – ASSETS	8
STATEMENT OF FINANCIAL POSITION – LIABILITIES, CAPITAL AND SURPLUS.....	9
STATEMENT OF INCOME.....	10
RECONCILIATION OF CAPITAL & SURPLUS.....	11
EXAMINER ACKNOWLEDGEMENTS AND SIGNATURE	13

June 6, 2012

Honorable Michael D. Riley
West Virginia Insurance Commissioner
1124 Smith Street, 4th Floor
Charleston, West Virginia 25301

Honorable Sharon P. Clark
Secretary, Southeastern Zone, NAIC
Commissioner of Insurance
Kentucky Department of Insurance
215 West Main Street
Frankfort, KY 40601

Honorable Ted Nickel
Secretary, Midwestern Zone, NAIC
Commissioner of Insurance
Wisconsin Office of the Insurance Commissioner
125 South Webster Street
Madison, Wisconsin 53703

Honorable Commissioners;

Pursuant to the authority vested in the West Virginia Offices of the Insurance Commissioner, an examination has been made of the affairs and financial condition of:

**Inland Mutual Insurance Company
1017 Sixth Avenue
Huntington, West Virginia 25701**

hereinafter referred to as the "Company".

The interview phase of the examination was conducted at the Company's home office.

The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

Pursuant to WV Insurance Code §33-31-8, a full scope examination of the Inland Mutual Insurance Company (the Company) was conducted. The Company is a West Virginia domiciled insurance company, incorporated July 29, 1936 and began writing business on July 16, 1937.

The examination was conducted pursuant to the instructions, procedures and guidelines prescribed by the West Virginia Offices of the Insurance Commissioner (WVOIC) and in accordance with the National Association of Insurance Commissioners. The examination was planned and performed to evaluate the financial condition and identify prospective risks of the company by obtaining information about the company including corporate governance, identifying and assessing inherent risks within the company, and evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to and required by West Virginia Code.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

STATUS OF SIGNIFICANT ADVERSE FINDINGS FROM THE PRIOR EXAMINATION

The following is a summary of significant regulatory disclosures and adverse findings contained in the prior examination report performed by the State of West Virginia as of December 31, 2006, which was filed as a public document on August 9, 2007 along with the resulting actions taken by the Company.

Comment: The Company is deemed to be a member of a holding company system which includes Safe Insurance Company and Associated Insurance Services.

Resolution: The Offices of the Insurance Commissioner and the Company entered into a memorandum of understanding on September 9, 2008 that imposed reporting requirements on the Company, but did not result in a finding that the Company was a member of a holding company system.

Comment: The Company's Articles of Incorporation do not appear to comply with the WV Code 33-§5-3 (e) and (f).

Resolution: The Company amended its Articles of Incorporation.

Comment: The Company's Bylaws do not appear to conform to Article 5, Chapter 33 of the West Virginia Code.

Resolution: The Company amended its Bylaws.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings were found as a result of the examination. There are two recommendations that are made and can be found under the section "Summary of Recommendations."

SUBSEQUENT EVENTS

The review of Company transactions and activities subsequent to the examination date revealed no material items.

COMPANY HISTORY

The Company was incorporated under the name Inland Mutual Insurance Company pursuant to the laws of the State of West Virginia on July 29, 1936 as a mutual insurance company and began writing automobile business on July 16, 1937. The Company is currently licensed to transact fire, marine, casualty and surety insurance as defined by Chapter 33, Article 1, Section 10, Subsections (c), (d), e, and (f) of the West Virginia Code of 1931, as amended.

On January 6, 1979, a working relationship was established with Safe Insurance Company (Safe), of Huntington, West Virginia. Pursuant to an "Affiliation Agreement" entered at that time between the parties, Inland provides Safe with management services, which are performed at Inland's home office in Huntington, WV. In 1990, the affiliation agreement was replaced with an expense sharing agreement.

CORPORATE RECORDS

The Articles of Incorporation, Bylaws, and the recorded minutes of the Board of Directors' and its committees' meetings were examined for statutory compliance. The Company appears to comply with all reviewed statutory requirements and adheres with the provisions of its Articles of Incorporation and Bylaws.

MANAGEMENT AND CONTROL

The Articles of Incorporation and Bylaws place the ultimate management and control of the Company's affairs with the board of directors. The following is the listing of directors and officers with their principal capacity as of December 31, 2011:

Directors

Directors	Principal Occupation
Michael A. Berlin	General Manager of the Company
J. Carter Norton	President of the Company
Lewis F. Norton Sr.	Chairman of the Board
Robert G. Morgan	IT Professional
Joseph Wittkopf	IT Professional
James H. Morgan	Businessman

Officers

Name	Position
J. Carter Norton	President
L. Frank Norton Jr.	Vice President
David A. Stump	Treasurer
Michael A. Berlin	Secretary

CORPORATE GOVERNANCE

As part of understanding the Company and the underlying corporate governance, the examination team met with six board members and the key officers of the Company.

The following key personnel were interviewed to gain a better understanding of the Company.

Name	Position
J. Carter Norton	President
Michael A. Berlin	Secretary
Lewis F. Norton Sr.	Chairman of the Board
James H. Morgan	Businessman
David A. Stump	Treasurer
Joseph Wittkopf	IT Professional

The Company maintains minutes for Board of Directors' meetings and Executive Committee meetings. The Board approves all investment transactions of the Company as required by WV Code 33-8-4.

The Company maintains minutes of the Annual Policyholders' Meetings. Elections of Board members occur at the annual policyholders' meeting, and the President of the Company and the Board gives a report on the condition of the Company.

The Company is not at the present time a member of a holding company system and is not affiliated with Safe Insurance Company or Associated Insurance Services, Inc.; however, it is a related party to Safe Insurance Company and Associated Insurance Services, Inc. pursuant to the definitions given in Issue Paper No. 25, paragraph 4 and SSAP 25, paragraph 2. As a related party, certain disclosures of transactions must be made in the financial statements of the Company and related party agreements must be filed with the West Virginia Offices of the Insurance Commissioner for prior approval.

It is recommended that the Company properly disclose all related party transactions in their financial statements, and that the Company submit all related party agreements to the West Virginia Offices of the Insurance Commissioner.

FIDELITY BOND AND OTHER INSURANCE

The Company maintains a fidelity bond policy, pursuant to W. Va. Insurance Code §33-31-8 and in excess of the amount suggested in the NAIC Financial Condition Examiners Handbook.

EMPLOYEE WELFARE AND PENSION PLANS

The Company provides a 401 (k) profit sharing plan covering all employees. The Company contributes 4% of the employee's regular pay and will match the employee's contribution up to and including 3% of their regular pay. The Company's employees are not subject to vesting. Additional benefits provided to employees include medical, life and disability insurance, as well as vacation and sick leave.

TERRITORY AND PLAN OF OPERATION

The Company is authorized to transact business in Illinois, Indiana, Kentucky, Ohio, Tennessee, Virginia, and West Virginia. The Company specializes in writing full coverage mobile home, tenant and owner occupied dwellings, low-value fire and vacant dwelling fire insurance. The dwelling portion of the policies is written on a cash value rather than a replacement cost basis. All policies are non-assessable.

The Company markets all of its business through independent agents and two general agents.

GROWTH OF COMPANY

The growth of the Company since the last financial examination is reflected in the following schedule. The stated amounts were derived from the Company's filed annual statements.

Year	Net Admitted Assets	Policyholder Surplus	Net Premium Written	Net Income
2007	5,845,740	5,359,807	221,959	204,313
2008	5,324,503	4,898,680	209,166	104,581
2009	5,619,218	5,213,024	192,742	84,112
2010	5,739,995	5,409,573	186,223	72,928
2011	5,830,995	5,470,028	192,890	34,127

The underwriting results of the Company since the last financial examination are reflected in the following schedule. The stated amounts were derived from the Company's filed annual statements.

Year	Premiums Earned	Losses Incurred	Expenses Incurred	Combined Ratio
2007	229,744	(4,109)	189,223	83%
2008	215,322	56,093	143,468	130%
2009	197,607	(18,970)	238,538	113%
2010	186,359	24,968	206,961	125%
2011	186,392	56,753	208,022	140%

REINSURANCE

CEDED

The Company maintains an excess of loss reinsurance agreement with Swiss Reinsurance America Corporation. The reinsurer is rated as A+ by A.M. Best as of December 31, 2011 and is an authorized insurer in West Virginia. The agreement provides multi-line excess of loss coverage for property in the amount of \$165,000 in excess of \$35,000 each risk not to exceed \$330,000 each occurrence. For liability, the treaty provides \$90,000 in excess of \$35,000 with a cap of \$300,000 each occurrence.

The Company also maintains a catastrophe treaty with Shelter Mutual Insurance Company. The reinsurer is rated as A by A. M. Best as of December 31, 2011 and is an authorized insurer in West Virginia. The agreement provides property catastrophe coverage in the amount of \$1,500,000 in excess of \$500,000 any one occurrence.

ASSUMED

The Company reinsures Safe Insurance Company (Safe) under an aggregate excess of loss treaty. This treaty provides reinsurance to Safe for loss and loss adjustment expenses of Safe in excess of 70% of Safe's net earned premium, capped at \$300,000 per quarter and \$850,000 per year. This treaty does not meet the transfer of risk requirements to be treated as reinsurance pursuant to SSAP No. 62R. The Company has failed to properly account for the treaty under SSAP No. 62R and SSAP No. 75.

Inland and Safe are not deemed to be affiliates; however, they are related parties. The Company has not filed the treaty for approval with the West Virginia Offices of the Insurance Commissioner. The treaty should be filed for approval with the West Virginia Offices of the Insurance Commissioner.

It is recommended that the Company properly account for reinsurance in accordance with SSAP No. 62R and SSAP No. 75.

It is recommended that the Company file the Inland-Safe treaty for approval with the West Virginia Offices of the Insurance Commissioner.

ACCOUNTS AND RECORDS

The Company maintains its books and records at its home office in Huntington, West Virginia. In general, the Company's accounting and corporate records were maintained in a manner in which the financial condition was readily verifiable. The Company utilizes Microsoft software and Quickbooks for basic accounting, accounts payable and general ledger postings.

The Company's accounting procedures, practices, and accounting records were reviewed and tested to the extent necessary. The trial balance prepared from the Company's general ledger and workpapers for the year ended December 31, 2011 were agreed to the Annual Statement.

STATUTORY DEPOSITS

The Company maintains a statutory deposit with the WVOIC in the amount of \$1,000,000. This deposit is maintained at Citi Bank.

FINANCIAL STATEMENTS

The following financial statements are presented on the basis of accounting practices prescribed or permitted by the WVOIC and by the National Association of Insurance Commissioners as of December 31, 2011. No statutory examination adjustments were made.

STATEMENT OF FINANCIAL POSITION – ASSETS

Cash \$570,692, cash equivalents \$499,251 and short-term investments \$0	1,069,943	-	1,069,943
Investment income due and accrued	34,705	-	34,705
Deferred premiums booked but deferred and not yet due	9,344	-	9,344
Other amounts receivable under reinsurance contracts	7,248	-	7,248
Current federal income tax recoverable	8,371	-	8,371
Net deferred tax asset	10,523	-	10,523
Electronic data processing equipment and software	4,208	-	4,208
Health care and other amounts receivable	31,606	-	31,606
Total Assets	<u>\$ 5,830,995</u>	<u>\$ -</u>	<u>\$ 5,830,995</u>

STATEMENT OF FINANCIAL POSITION – LIABILITIES, CAPITAL AND SURPLUS

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
<u>Liabilities</u>			
Losses	\$ 241,230	\$ -	\$ 241,230
Losses adjustment expenses	45,470	-	45,470
Commissions payable	3,539	-	3,539
Other expenses	11,432	-	11,432
Taxes, licenses and fees	2,505	-	2,505
Unearned premiums	52,863	-	52,863
Advance premium	428	-	428
Aggregate write-ins for liabilities	3,500	-	3,500
Total Liabilities	360,967	-	360,967
<u>Surplus</u>			
Unassigned funds (surplus)	5,470,028	-	5,470,028
Total Capital and Surplus	5,470,028	-	5,470,028
Total Liabilities and Surplus	\$ 5,830,995	\$ -	\$ 5,830,995

STATEMENT OF INCOME

	Per Annual Statement	Statutory Examination Adjustments Statutory Examination Adjustments	Per Statutory Examination
	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
<u>Underwriting Income</u>			
Premiums earned	\$ 186,392	\$ -	\$ 186,392
Losses incurred	56,753	-	56,753
Losses adjustment expenses incurred	79,367	-	79,367
Other underwriting expenses incurred	128,655	-	128,655
Total underwriting deductions	<u>264,775</u>	<u>-</u>	<u>264,775</u>
Net underwriting gain	(78,383)	-	(78,383)
<u>Investment Income</u>			
Net investment income earned	126,046	-	126,046
Net realized capital gains (losses)	<u>(11,561)</u>	<u>-</u>	<u>(11,561)</u>
Net investment gain	114,485	-	114,485
<u>Other Income</u>			
Net gain (loss) from agents' or premium balances charged off	-	-	0
Finance and service charges not included in premiums	-	-	0
Aggregate write-ins for miscellaneous income	<u>4,486</u>	<u>-</u>	<u>4,486</u>
Total Other Income	4,486	-	4,486
Net income before dividends to policyholders and federal income taxes	40,588	-	40,588
Federal income taxes incurred	<u>6,461</u>	<u>-</u>	<u>6,461</u>
Net income	<u>\$ 34,127</u>	<u>\$ -</u>	<u>\$ 34,127</u>

RECONCILIATION OF CAPITAL & SURPLUS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Capital and surplus as of December 31, prior year	\$ 5,409,573	\$ 5,213,024	\$ 4,898,680	\$ 5,359,807	\$ 5,230,245
Net income (loss)	34,127	72,928	84,112	104,581	204,313
Net transfers (to) Protected Cell accounts	0	0	0	0	0
Change in net unrealized capital gains and (losses) less capital gains tax of \$ 0	8,313	126,163	235,199	(632,850)	(92,806)
Change in net unrealized foreign exchange capital gain (loss)	0	0	0	0	0
Change in net deferred income tax	5,062	(44,610)	(28,891)	136,470	32,112
Change in nonadmitted assets	2,953	42,068	23,924	(69,328)	(14,056)
Aggregate write-ins for gains and losses in surplus	10,000	0	0	0	0
Net change in capital and surplus for the year	60,455	196,549	314,344	(461,127)	129,563
Capital and surplus as for current year:	<u>\$ 5,470,028</u>	<u>\$ 5,409,573</u>	<u>\$ 5,213,024</u>	<u>\$ 4,898,680</u>	<u>\$ 5,359,807</u>

SUMMARY OF RECOMMENDATIONS

- The Company does not properly account for one related party reinsurance treaty that does not transfer risk. It is recommended that the Company properly account for reinsurance in accordance with SSAP No. 62R and SSAP No. 75.
- The Company has not filed the related party reinsurance treaty with the West Virginia Offices of the Insurance Commissioner for approval. It is recommended that the Company file the reinsurance treaty for approval.
- It is recommended that the Company properly disclose all related party transactions in their financial statements and that the Company submit all related party agreements to the West Virginia Offices of the Insurance Commissioner.

EXAMINER ACKNOWLEDGEMENTS AND SIGNATURE

The examiner in charge would like to acknowledge that the Company's personnel were cooperative and helpful during the examination process.

In addition to the undersigned, Jennifer Snow, CPA Insurance Examiner, for the State of West Virginia participated in the examination.

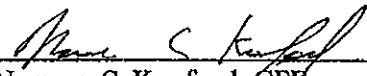
EXAMINERS AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

State of Illinois
County of Sangamon

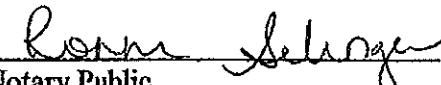
Norman C. Koefoed, being duly sworn, states as follows:

1. I have authority to represent the West Virginia Offices of the Insurance Commissioner in the examination of Inland Mutual Insurance Company.
2. The West Virginia Offices of the Insurance Commissioner are accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.
3. I have reviewed the examination work papers and examination report and the examination of Inland Mutual Insurance Company was performed per instruction of the Chief Examiner and in a manner consistent with the standards and procedures required by the West Virginia Offices of the Insurance Commissioner.

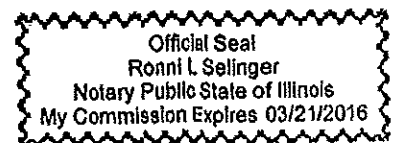
That affiant says nothing further


Norman C. Koefoed, CFE

Subscribed and sworn before me by Norman Koefoed on this
13 day of June 2012.


Notary Public

My commission expires 3-21-16 (Date)



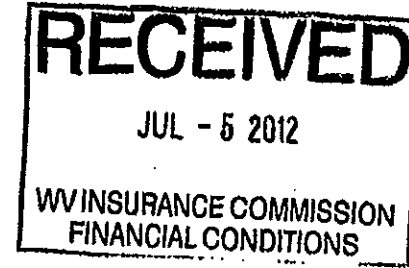
July 2, 2012

inland mutual
INSURANCE COMPANY



Certified Mail

Michael D. Riley, Insurance Commissioner
State of West Virginia
Offices of the Insurance Commissioner
1124 Smith Street, 4th Floor
Charleston, WV 25305



Re: **Inland Mutual Insurance Company**
Report of Examination as of December 31, 2011
NAIC # 14281 **WV File # D017**

Dear Commissioner Riley,

Please utilize this letter to indicate confirmation of the examination report referenced above. Inland's staff would like to thank the department members which participated in the exam and also thank contract examiner Norman Koefoed.

In general, we are pleased with the results of the exam and feel we had good dialogue and discussion with the examiners while they were on site conducting Inland's examination. None of the financial numbers were deemed of issue, which supports Inland's continued financial strength. Upon thorough review of the department's findings, we have outlined (below) our responses / actions to the recommendations within the examination.

Summary of Recommendations with Inland Mutual (IMIC) responses:

- The Company does not properly account for one related party reinsurance treaty that does not transfer risk. It is recommended that the Company properly account for reinsurance in accordance with SSAP No. 62R and SSAP No. 75.
IMIC Action: We are addressing this recommendation and are in the process of making changes to the treaty and plan to submit the altered treaty to Safe Insurance Company for their review and discussion. Assuming that Inland and Safe can come to terms on an amended treaty, we will submit same to the WV Insurance Department for review and approval.
- The Company has not filed the related party reinsurance treaty with the West Virginia Offices of the Insurance Commissioner for approval. It is recommended that the Company file the reinsurance treaty for approval.
IMIC Action: As mentioned in the IMIC Action in the 1st recommendation above, assuming that Inland and Safe can come to an agreement on changes to the treaty, we plan to re-submit the treaty for review and approval by the WV Insurance Department.

Post Office Box 2085 Huntington WV 25721
(304) 529-2771 1-800-642-3541
www.inlandmutualinsurance.com



inland mutual
INSURANCE COMPANY



- It is recommended that the Company properly disclose all related party transactions in their financial statements and that the Company submit all related party agreements to the West Virginia Offices of the Insurance Commissioner.

IMIC Action: IMIC will properly disclose all related party transactions in our financial statements going forward as set forth in Issue Paper #25, and also submit any such related party agreements to the WV Insurance Department.

Thank you and your staff for prompt execution of the examination and please don't hesitate to contact me directly, should you wish to have further dialogue around the examination and/or our response.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Carter Norton".

J. Carter Norton
President

800-642-3541 ext. 19
cnorton@inlandmutual.com

CERTIFIED MAIL # 7160 3901 9848 4484 5472